HHS Personal Property Management Review Guide

This guide was developed to assist in organizational assessments of the performance of personal property support throughout the Department of Health and Human Services. The performance indicators contained within are consistent with the results-oriented focus of the Government Performance and Results Act. Successful performance of the personal property function will contribute to successful program outcomes.

This guide also may be used in determining the adequacy of management controls under the Federal Manager's Financial Integrity Act and the Office of Management and Budget Circular A-123. It offers a common means of communicating about the strengths and outstanding performance, as well as weaknesses in the HHS logistics system. Areas requiring attention can be identified and references to specific policy and procedures are useful for achieving corrective action.

We welcome your suggestions concerning this guide, to further enhance the quality of logistics throughout HHS. Please call 202-690-5663, to make recommendations to the logistics policy staff of the Office of Grants and Acquisition.

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Personal Property Management Review Guide

Introduction

I.   Background

A.   Purpose of the DHHS Property Management Review Guide

This Personal Property Review Guide was developed to assist in assessing the performance of the HHS personal property activities in a structured and consistent manner in order to identify opportunities for improvement; to determine compliance with Federal and HHS regulations and policies; and to assure that adequate management controls are in place as required by the Federal Managers' Financial Integrity Act (FMFIA).

The Guide contains numerous references to personal property management requirements based on existing Federal, departmental policies and guidelines. References include the following:

   Federal Property Management Regulations (FPMR)
   HHS Logistics Management Manual (LMM)
   HHS Property Custodial Officers Guide
   Contractor's Guide for Control of Government Property
   HHS Acquisition Regulations (HHSAR)
   Code of Federal Regulations (CFR), including:
-         Occupational Safety and Health (29 CFR)
-         Health and Human Services (49 CFR)
-         Transportation (49 CFR)
   DHHS Grants Administration Manual (GAM)
   Evaluation and Measurement of the DHHS Personal Property Management Program

All references to the terms property or equipment used in the Guide shall refer to accountable personal property unless otherwise specified.

B.   Purpose of DHHS Property Management Activities

The purpose of each DHHS property management activity is twofold: First, the activity must manage and control the personal property of the organization. Second, the activity must provide the technical support and assistance needed to carry out the mission of the organization served, and to do so in a manner that reflects the appropriate balance between cost effectiveness and responsiveness.

For the purpose of this guide, a property management activity is defined as an OPDIV organizational component that has responsibility for the management and utilization of personal property (an asset for which accountability is required). In general, the term "property management activity" is intended to include OPDIV property functions. However, the guide can also be used to review smaller personal property activities or sub-systems of a central personal property activity.

C.   Property Management Principles

The principles of personal property management upon which this Guide is based include:

Providing a systematic, cost effective approach to property management.

Operating with the minimum investment in space, personnel and other assets, consistent with the organization's needs.

Developing inventory control and accountability procedures to prevent loss or unauthorized removal of property.

Operating with the maximum possible efficiency (e.g., optimizing the use of on-hand property and interagency excess.)

Having knowledgeable and effective property management and staffs.

II.   Content of the Review Guide

This section presents a brief synopsis of the Personal Property Review Guide, the purpose of each chapter, and the relationship of the material in each chapter.

Chapter 1 describes the management and performance indicators used to measure the quality of the property management activity, the productivity of its staff, the effectiveness of its managers, the appropriateness of its organizational placement and the adequacy of its checks and balances. It also describes the standard which each property activity is expected to meet for each of the indicators.

Chapter 2 shows a sample memorandum announcing the start of the review and describing the review topics to be covered. It also requests the property management activity under review to provide data not otherwise available to the review team. Those data address significant management and performance indicators. Chapter 2 includes the Property Management Activity Profile which is to be completed by the property activity to describe the basic characteristics and scope of its activities. The Chapter also includes the format to be used by the review team to record its analysis of the information submitted by the personal property activity.

Chapter 3 contains the On-Site Review Checklist which sets forth the questions which can best be answered on site for each of the major functions in the property management process, e.g., receiving, accountability, inventory management, utilization and disposal.

Chapter 3 also presents information on how to select a sample of personal property records such as inventory adjustments, receipts and disposals, and inventory records so that the sample has a high probability of being representative of the overall population of the records under review. The objective is to choose the smallest number of records that is representative of the total population in order to maximize the efficiency of the review process. Chapter 3 discusses simple random and stratified random samples. It also addresses judgmental samples and when and how to use them.

Chapter 4 describes the overall summary of the study results and the Report of Findings. It requires the reviewer to make certain judgments about the quality of the property management process; to assess the adequacy of the organization, staffing, and management controls; and to provide a rating for the property management activity as a whole. The judgements and assessments build upon the results of the On-Site Reviews, discussed in Chapter 3, and the overall scoring of the management and personal property performance indicators as discussed in Chapter 1. Chapter 4 also describes the content of the Report of Findings. It is the end product of the personal property review and should contain a brief explanation of the overall findings in each functional area. A draft report may be provided to the head of the property management activity at the time of the exit briefing. The team should prepare the final report within 30 days of the exit briefing.

III.   DHHS Property Management Review Process

This guide may be used and adapted for formal or informal assessments of how well a personal property function is performing its mission. The reviews should focus on the activities described above, including an assessment of the quality of the personal property process, organization and staffing, and management controls. The review should also analyze significant management indicators and supply activity benchmarks that tend to highlight potential or actual successes and deficiencies. The review process is designed to minimize the disruption to the operations of the activity being reviewed.

If a formal review is conducted, any potential or actual successes or deficiencies identified during the review should be cited in the Review Report. Those findings will be discussed with the head of the personal property activity during the exit interview, if the review is performed by another organization. If an organization is reviewed by another, the organization being reviewed will have the opportunity to identify areas of the report with which it disagrees and, after discussion, the review team may make corrections where appropriate. A copy of the final report should then be provided to the OPDIV Executive Officer and the head of the personal property activity.

IV.   Alternative Management Controls Review

An external or self-assessment performed by an organization in accordance with the guide- lines set forth in this document, will qualify as a management review under OMB Circular A-123. Evaluations of an administrative function (in this case the supply management activity) determine whether adequate management controls are in place, and identify any areas for improvement and material weaknesses. In addition to an on-site evaluation, recently issued audit reports, management studies and other materials can be used to help or to make this determination.

Reports on these assessments must be clear, concise and thorough enough to convince reviewing officials that a comprehensive evaluative examination has been made of the management control area. This means that in developing its findings, the reviewer should use data collected during review sampling and illustrations based on actual observations, to the maximum extent feasible. An explanation of the problems identified should also elaborate on any impacts that such problems may make on the operations of the organization as a whole.

The majority of problems found will be administrative in nature. However, certain problems, due to the significance of the impact they make, may be classified as material weaknesses. This designation requires a judgement by agency managers concerning the relative risk and the significance of the deficiency. Problems which become officially designated as material weaknesses must be reported to the President and the Congress by the Secretary. Corrective actions are then identified and they should be considered a priority.

Chapter 1
Management and Performance Indicators

I.   Background

Management and performance indicators will be used to measure the:

  Effectiveness of management;
  Appropriateness of organizational placement;
  Adequacy of management controls;
  Quality of the organization's property management system; and
  Productivity.

Management indicators are factors that describe the ability to manage the personal property function and the people in it rather than the ability to operate the hands-on personal property process. The following are examples of management indicators:

  Adequacy of policies and procedures;
  Placement of the property management operations within an organization;
  Staffing and grade levels of property personnel;
  Employee turnover;
  Career development and training available to property personnel;
  Extent of management directions and review;
  Productivity;
  Responsiveness to the needs of customers; and
  Management controls.

Performance indicators, on the other hand, are direct property operations issues such as:

Inventory completion rates;
Property records accuracy rate;
Property reutilization rate;
Excess property disposal rate; and
Reports of survey completion rate.

II.   Evaluation of Management and Performance

This chapter describes the objective of each function or activity measured by the management and performance indicators. Using these directives, the reviewers will evaluate the system and record their findings on the analysis of the responses to the Request for Data (Exhibit 2-2) and the On-Site Review Checklist (Exhibit 3-1).

A separate Performance Indicator Worksheet is included as Exhibit 3-2. Reviewers will use it to record the property system's actual performance against the standards the system has set for itself in separate property performance categories. Functions that do not meet the acceptable standard are considered anomalous, indicating a potential or actual deficiency that should be included in the Report of Findings.

III.   MANAGEMENT INDICATORS

A.   Organization and Management

l.   Policies and Procedures

Objective: To assure that: appropriate policy and procedural guidance has been developed and provided to those organizations and staff involved in personal property management; formal procedures are established and followed for development, publication, and updating of local directives; and a library of property management-related publications is maintained.

The responsibility for assuring the availability and understanding of the appropriate operating policies and procedures, including DHHS, and government-wide requirements, as well as any necessary OPDIV and local supplements thereto, rests with the management of the property activity and the OPDIV in which the activity operates.

Copies of internal documents provided in response to the Request for Data (Exhibit 2-2) should be reviewed for adequacy and necessity. They should not conflict with higher level directives, nor should they merely repeat guidance from others. Those that do not add value should be noted in the Report of Findings.

2.   Staffing and Training

Objective: To develop staffing levels and expertise that meet the needs of the organization, including personnel properly trained to carry out functional responsibilities. The ultimate effectiveness of a property management system is, for the most part, attributable to the quality and commitment of its staff.

Property management staffs should be well qualified and trained to carry out their responsibilities.

Insufficient training may lead to poor performance; customer dissatisfaction; faulty implementation of laws and regulations; and, in the worst case, waste and mismanagement. The review team must determine the types of training completed by the employees of the property management operation and whether the training is appropriate for the duties and levels of responsibilities of the employees.

3.   **Organizational Placement, Structure and Responsibilities**

Objective: To establish the management of property at an appropriately elevated organizational level with a competitive grade structure to attract a highly skilled, professional, and motivated staff. The property management function must be placed sufficiently high in the organization which it serves to assure continuing visibility from, and access to, senior management within the organization.

The review team must determine whether management of the property activity being reviewed has been placed at an appropriate organizational level to adequately monitor and review property management practices. If not, that should be reflected in the Report of Findings.

4.   **Performance Review and Improvement Program**

Objective: To develop a program to monitor, evaluate, document, and improve the quality of the organization performance in personal property management, and to ensure the maintenance of sufficient checks and balances in personal property management activities.

The reviewers must determine whether objectives have been established to ensure improvement of overall personal property management practices; a program has been developed for the performance of self-evaluation of internal operations; interactions with all organizations with personal property management responsibilities, including GSA, DHHS, program, procurement, and finance, are effectively maintained to meet personal property management priorities within the organization; and all required property reports are submitted.

Analysis of prior management reviews provides a basis for selecting specific areas that the review team may reevaluate to determine whether problems found earlier still exist. The effectiveness of corrective measures can be determined. Long-term existence of the same or similar problems indicates a deficiency.

If copies of any previous management review or audit reports have been provided in response to the Request for Data, Background Information (Exhibit 2-2), the team should assess them to determine whether any of the recommendations involve areas currently under review. If so, the team must review those areas and note compliance/noncompliance with the recommendations.

5.   **Control and Reporting of Accountable Property**

Objectives:

 a.   **To develop the capability to control personal property activities including requirements planning, use of excess property, record maintenance and conducting physical inventory, and to retrieve, assemble, and disseminate property management information required for use in sound decision making by personnel in operations and management;**

 b.   **To have a chain of custody identifying persons designated as answerable for control of accountable property from receipt through disposal, and**

 c.   **To utilize accounting procedures that promote an accurate application of financial resources to property management operations, and provide a check and balance of the asset accounts.**

6.   **Cost of Property Management Operations**

Objective: To determine if the cost of property management operations is kept at its minimum while maintaining the expected level of performance and customer service.

7.   Effective Use of Labor

Objective: To ensure that personnel assignments provide the property management activity with sufficient expertise and adequate numbers of personnel; to ensure that the staff structure provides the expected level of performance in response to customers' needs without requiring excessive overtime; and to ensure that the physical layout of the property management activity and other working conditions support the efficient use of labor.

B.   Operating Practices

1.   Requirements Planning

Objective: To determine the quantities and types of equipment needed to economically and effectively support the missions and goals of an organization. Requirements planning includes forecasting property needs that arise from changes in workload and functions as well as replacing worn and obsolete equipment.

2.   Acquisition

Objective: To ensure that the appropriate sources are used for the acquisition of property in accordance with the requirements of FAR 8.001.

3.   Receiving

Objective: To ensure that all property delivered to users or received by the property management activity is promptly and accurately inspected, labeled with a proper decal, recorded and reported (if appropriate) to the cognizant fiscal office.

The reviewers should determine whether the property activity maintains an effective system for the storage, preservation, and protection of Government property including: adequate storage facilities (e.g., sufficient aisle width, overhead space); controlled access; use of generally accepted storage practices and principles; and reviews of stored items to justify for retention.

4.   Control of Accountable Property

Objective: To maintain strict control over and accountability, including safeguards against theft, abuse, misuse, or loss for all items of accountable personal property from receipt through utilization, storage and disposal.

The reviewers should determine whether the property activity has established a program for the acquisition, management, and control of personal property.

5.   Customer Service

Objective: To ensure the effectiveness of property support systems to those to whom goods and services are provided, and who are the direct benefactors of the work output. An effective customer service environment should include the following elements:

Information - Determining who the customers are, both internal and external, their needs and expectations;

Feedback - An ongoing dialogue between an organization and its customers regarding the quality of the goods and services provided, whether their needs and expectations are consistently met, the process is documented and regularly evaluated, etc.;

Assistance - Services are tailored to meet the specific needs of each customer, and;

Focus - The customer is the primary reason for an organization's existence and without meeting or exceeding the customer's expectations the property function has little intrinsic value to the organization.

6.   Storage

Objective: To operate a responsive cost effective system for the storage of personal property; to safeguard the inventory from damage, loss or theft; and to establish procedures that provide for efficient use of resources.

7.   Reutilization and Disposal

Objective: To use excess property as the first source of supply; to identify, process, report, and transfer excess personal property among DHHS OPDIVs; and, to dispose of surplus personal property through donation, sale, abandonment or destruction.

The reviewers should determine whether the property activity maintains an effective and operational system for the utilization and disposal of excess and surplus personal property; identifies and reports excess personal property and disposes of surplus property in accordance with regulations and in a cost-effective and timely manner; and operates an active and effective excess property acquisition program.

8.   Motor Vehicle Management

Objective: To establish an effective program to ensure that motor vehicles are acquired, utilized and disposed of in a timely and cost effective manner and in accordance with prescribed regulations and procedures.

The reviewers should determine whether the property activity has established an effective program to ensure that motor vehicles are acquired, utilized, and disposed of in a timely manner and in accordance with prescribed regulations and procedures; acquisition plans are developed and followed; and that required information and reports are submitted in a timely manner.

9.   Contractor and Grantee-Held Property

Objective: To operate a system which provides for the control of Government property held by contractors and/or grantees in accordance with regulatory provisions and guidance of the DHHS contracting and/or grant management officer.

The review team will determine whether the contractor/grantee property systems are appraised, equipment acquisitions assessed and approved, capital equipment holdings are included in financial/property accounts, and excess property is promptly reported and disposed of in accordance with applicable regulations. Further, the reviewer must determine whether the contractor/grantee property systems follow established property management practices for all equipment which has been loaned or acquired under a contract/grant.

IV.   Performance Indicators

The managers of each DHHS property management activity should monitor the activity's performance using the indicators described in this section together with any additional performance indicators considered relevant by the managers of the activity. Each DHHS property management activity should establish appropriate standards to be met for each performance indicator. The reviewers will identify as a weakness each instance where an appropriate standard has not been established for the performance indicator described in this section.

In order for the reviewers to determine whether the standards are appropriate, the managers of the property activity must be able to explain and document the basis for the standards. The reviewers will carefully consider any unique characteristics of the property activity, location, type of inventory, etc., in reviewing the standards established by the property activity.

In addition, the reviewers will consider any failure to achieve the established standards (in the absence of an acceptable explanation) as an anomaly that requires corrective action.

A.   Inventory Completion Rate

Departmental policy requires the annual inventory of all accountable personal property. Inventories can be used to indicate inaccuracies in property accountability records and will quickly identify internal control shortfalls pertaining to the custody and management of Government property.

The inventory completion rate is calculated as follows:

Total Number of Custodial Areas Inventoried During the Last Fiscal Year
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Total Number of Custodial Areas

X 100%

The objective of this measure is to determine if the property activity maintains adequate control over their accountable property. A low inventory completion rate can result in poor control of accountable items and lower accountability system accuracy. The objective is to have a 100 percent inventory completion rate for accountable equipment each year.

B.   Property Record Accuracy Rate

The objective of the property record accuracy rate is to validate the accuracy of the personal property record keeping system. The accuracy rate has a direct impact on general ledger reconciliations, reports of survey, and the inventory completion rate. If the information on the accountability records is inaccurate, then, difficulties in reconciling the property records with the general ledger can be experienced. A high accuracy rate indicates that controls are in place to assure that changes in the status of accountable property are being input to the system in a timely manner.

Property record accuracy is not limited to inventory losses. It includes inventory gains, condition changes, and location changes. A high accuracy rate indicates that controls are in place to assure that changes in the status of accountable property are input to the system in a timely manner.

The property record accuracy rate is determined as follows:

Number of Accurate Property Records at Time of Physical Inventory
(# of records - # of changes including new records)

Total Number of Property Records

X 100%

C.   Property Reutilization Rate

This measure indicates the percentage of property that is reused within the OPDIV. Reutilization allows organizations to fill equipment needs without the delay and expense associated with using the procurement process. A high property reutilization rate indicates that equipment is being used to the maximum extent possible and that an organization has controls in place to prevent unnecessary procurement actions.

The objective of this measure is to enable property managers to calculate cost avoidance which has been achieved due to reutilization of equipment.

The excess property reutilization rate is determined as follows:

Acquisition Value of Reutilized Accountable Property

Acquisition Value of all Accountable Property Declared Excess

X 100%

NOTE: Total Dollar Value of Reutilized Equipment includes transfers between custodial areas.

D.   Excess Property Disposal Rate

The objective of this measure is to document the timeliness achieved in the utilization and disposal stage of the property management program. This measure has a direct impact on how much it costs an OPDIV to perform its property management function. Excess property that is retained for over 180 days will cost an organization more to maintain and safeguard than will equipment that is reported to GSA in a timely manner.

The FPMR allows up to 180 days in which to transfer, donate, sell or otherwise dispose of excess property. After notifying the GSA of the availability of excess property an organization is responsible for assuring that the property is either transferred to another organization, sent to GSA, donated, sold, or scrapped within 180 days. This measure provides a property manager with an indicator of how well OPDIV manages its reporting, reutilization and disposal process.

The percentage of excess property disposed on time is determined as follows:

Total Number of Excess Property Items Disposed of Within 180 Days in the Last Fiscal Year
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Total Number of Excess Property Items Disposed of in the Last Fiscal Year

X 100%

E.   Reports of Survey Completion Rate

The objective of this measure is to ensure that all Report of Survey actions are completed in a timely manner.

Reports of survey are required to be initiated in the case of lost government property. They can be initiated as a result of physical inventory discrepancies or from other loses of Government property.

The report of survey requires the Board of Survey or Survey Officer to investigate the circumstances involving the loss of Government property. The Board of Survey must determine whether punitive or pecuniary liability exists regarding the report of survey action on personal property subject to the Board's investigation.

The percentage of total items subject to a report of survey in the past year is determined as follows:

Number of Accountable Items for which Report of Survey Actions Were Completed
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Number of Items Subject to Report of Survey Actions

X 100%

Chapter 2

Property Management Review Memorandum and Request for Data

When circumstances warrant the review of another organization prior to the start of a review, a Property Management Review Memorandum (Exhibit 2-1) should be sent to the head of the activity to be reviewed, with a copy to the DHHS OPDIV executive to whom that activity reports. The memorandum should state when the review will begin and what it will cover.

The memorandum should explain how the review will be conducted and the method of communicating the results. It also should include a request for essential data (Exhibit 2-2) that is needed by the reviewers prior to the start of the on-site review.

The Request For Data, Exhibit 2-2, helps meet several objectives. First, it asks for background information which describes the property management activity and for information on selected operating characteristics. This data will provide an understanding of the size and scope of the organization's property management operation and staffing characteristics, and will help in selecting meaningful samples for the review. Second, the data provides information which, together with information obtained during the on-site review, will enable the reviewers to measure the performance of the activity against predetermined management and performance indicators.

Unless otherwise stated, all of the information requested in the Request For Data is for the most recently completed fiscal year. All of the data should be available at the property management activity; however, some data elements may not have been recorded. Property management staff should maintain records of the requested information so that it will be available for analyses.

The Logistics Initiatives Report (LMM 103-1.5201) requires that components submit best practices, new developments, and accomplishments within their OPDIV including logistics profile information. The Property Management Activity Profile (Exhibit 2-3) data shall be maintained by property management activities. The activity profile is a summary of key data about the size and scope of the organization from which it is drawn. At the time of a property management activity review, this information will be necessary for purposes of the review.

The Request for Data, Exhibit 2-2, provides a format for the reviewers to record whether or not the property management activity's responses are satisfactory. The analysis will be used to identify subjects requiring further examination during the on-site review and will assist the reviewers in determining whether or not the property management activity has met the performance standards for each of the management indicators described in Chapter 1.

The information described above is critical to the review process. If feasible, the team should request the required information 120 days before the on-site review, and it should be received at least 60 days before the on-site review begins.

Chapter 3

On-Site Review

I.   Purpose

The purposes of the on-site review are to:

Discuss any responses to the Request for Data (Exhibit 2-2) that were not clear or complete;

Review samples of documentation to verify the satisfactory implementation of required property management practices; and

Supplement the information obtained in response to the Request for Data with information best obtained through first hand observation and personal interviews.

Discuss potential opportunities for improving the operations of the property management activity.

II.   Review Checklist

The on-site Review Checklist, Exhibit 3-1, provides the basic requirements for sampling documentation and obtaining other relevant information during the on-site review. The results of the on-site documentation review, together with the information obtained prior to or during the on-site review in response to the Request for Data will be used to develop the Review Summary and Report of Findings (See Chapter 4).

The on-site review normally begins with an entrance interview with the head of the activity or a designated representative. The team leader should introduce the team, briefly describe the purpose and methods of the review, confirm working arrangements, meet the point of contact, and provide a listing of the files and documents needed by the review team. Any problem areas identified during the team's analysis of the responses to the Request for Data should be addressed. The activity should be asked if it has any concerns or special items that it wants the team to know about or to review.

This chapter contains a detailed On-Site Review Checklist (Exhibit 3-1) for each major functional area of a property management activity. The checklist provides a space indicating Yes, No, or N/A (for "not applicable") next to the questions.

The questions have been designed to ensure that the property management activity being evaluated has formally documented all of its processes. When using the review guide questions, appropriate examples, samples of personal property records and visual inspection of equipment decals, etc. should be cited in the responses.

From time to time the checklist will be revised to reflect changes in regulations and policy.

III.   Statistical Sampling Techniques

For each question in Exhibit 3-1, On-Site review checklist, which indicates the need to review a sample of the property management activity's documentation/records or to interview a sample of the property management activity's staff members, the review team will select a representative sample of the property subjects under review and use that sample to analyze the activity's performance.

Sampling economizes the collection and measurement of data. Ideally, the sample will be a scale image and thus representative of the population from which it was selected. (A population is a set of objects or individuals ("subjects"), about which it is desired to ascertain characteristics.) The objective in sample selection is to choose the smallest number that still represents the total population. While we can never be absolutely certain that a sample is exactly representative of the population, we should select a sample that has a high probability of accurately representing the overall population.

Simple random samples, stratified random samples and judgmental samples are discussed below:

A.   Simple Random Samples

The simplest, and often most appropriate, sampling technique is the random sample. A simple random sample is one in which every element in a population has an equal chance of being selected. A simple random sample is appropriate for elements that are similar in nature (homogeneous). Two main steps must be followed in performing a random sample: determining a
sample size, and selecting the sample.

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1. Determining Sample Size
The review team will want results that are acceptably close to the total population's performance.

To ensure such results requires a tradeoff between accuracy and cost. Large samples yield more accurate statistics than small samples but cost more to collect and process. The sample size the team chooses for its review then, directly affects both the cost of performing the review and the accuracy of the results.

2. Selecting the Sample
After the review team determines the size of the sample, it must select the sample subjects in a way that is as "random" as possible. That means it must follow a procedure that reduces any natural and human bias.

It is essential that the sample selection procedure followed be designed so that subjects are not selected for review on the basis of expediency or other biasing factors. The team must make every attempt to locate and review the subjects selected for the sample. If, for any reason, a subject is missing or is otherwise not available, the team should select a replacement randomly.

B. Stratified Random Samples

Occasionally a sample selected by a simple random method will have some unique characteristic; for example, all items in a sample might be received by the same individual. If the population is truly homogeneous, that characteristic should make no difference. If, however, you have information that the population contains subgroups that have distinct characteristics of interest, the population is heterogeneous and you will obtain better results from a stratified random sample.

A stratified random sample differs from a simple random sample in the way the sample is selected.

To select a stratified random sample, the review team selects elements in the sample to reflect the relative importance of subgroups (or strata) that it has identified. The team then randomly draws sample elements in proportion to each subgroup. The review team should not create a stratified sample unless the characteristics of the subgroups are germane to the study.

C. Judgmental Samples

For those areas that the reviewers identify as potential problems additional sample items should be selected on a judgmental basis to further explore particular areas of concern. The findings from these additional reviews should be used to confirm or reject the initial indications of problems.

In addition, an OPDIV may request inclusion of a specific subject that it would like to have the team evaluate. This review would be done in addition to samples selected by the team.

IV. Property Performance Indicators

The Property Performance Indicator Worksheet (Exhibit 3-2) is used to record the Property Activity's actual performance against the standards the activity set for itself in five separate performance categories. Prior to on-site review, the reviewers will calculate the performance indicators from information provided by the Property Activity in the Request for Data. Remaining indicators will be calculated on site from samples of the property activity records.

The reviewers should refer to Chapter 1, Section IV, Performance Indicators, for discussion of established standards. Failure to meet the expected standard for any Property Management Performance Indicator must be discussed in the Report of Findings. The failure of a property management activity to establish any of the required standards automatically results in the activity being rated as not meeting the standard for that specific indicator. In addition, such a failure must be discussed in the Report of Findings, and in the absence of an explanation satisfactory to the reviewer, must be considered as an administrative weakness.

V.   Discussion of Potential Findings

Questions in Exhibit 3-1 for which the reviewer has not received a satisfactory response should be discussed with the head of the property management activity during the exit interview. At that time, the review team may present a summary of preliminary findings. Reviewers should attempt to consolidate closely related deficiencies into a single finding. Only under unusual circumstances should any significant item appear in the final report that was not discussed during the exit interview. This time should also be used to express the team's appreciation for the support and assistance provided by the visited activity.

Chapter 4

Review Summary And Report Of Findings

Chapters 1, 2 and 3 of this Guide, address the use of management and performance indicators as tools to assist the reviewer in assessing the quality of the property management operations.

This chapter summarizes the results of the review performed in accordance with Chapters 1, 2 and 3.

3. It helps the reviewers to measure objectively the overall quality of the property management process. It also offers guidance in identifying potential and actual deficiencies and in bringing those deficiencies to the attention of management. Finally, it describes the types of information to be included in the Report of Findings and provides a standardized report format which may be used.

I.   Report of Findings

The Report of Findings is the final product of the review. It provides the results of the review to the head of the organization and chief of the property management activity reviewed. However, since the review is intended as a "diagnostic" process, not a prescriptive one, the Report consists primarily of a summary of the scope of the review and findings, plus detailed support of the findings, but it does not include recommendations for improvement.

Each area reviewed should be described in sufficient detail so that the report becomes a stand-alone document for higher management use and can be easily understood by those not familiar with the details of the review process or this Guide.

To assist the review team in preparing the report and to help standardize the report's content, a sample format for basic information for each area to be covered in the report is shown in Exhibit 4-1. That exhibit describes each area of the review and the team need only insert its findings where appropriate. While each finding should be discussed only briefly, sufficient information should be provided to make the finding understandable to those not directly involved in the property management process. The format provided in Exhibit 4-1 should be tailored by the team leader for the specific circumstances of each review.

The Report should briefly explain the overall findings in each functional area. If the findings in a functional area are disparate from the standard, this disparity should be noted. All significant findings should be included in the report and sufficiently explained so that the reader can understand the basis for the score. The review team should not include recommendations in the report; the head of the property activity reviewed is responsible for devising whatever corrective actions may be required. The report represents the collective judgment of the review team members.

A.   Scoring

On the basis of the cumulative results of the analysis of the responses to the Request for Data, the on-site review and property performance indicators the reviewers calculate an overall score. In the "Scoring Summary," Exhibit 4-2, the scoring process to be followed by the reviewers is presented in detail. Also presented is the method for each of the rating categories in order to develop a single overall score for the organization as a whole. Once the results are posted, the points should be totaled and an overall score for the property management activity should be computed.

By comparing the organizations's overall score against the numerical scale, the reviewers will be able to determine whether the property management activity meets, exceeds or falls below the standards.

B.   Draft Report

A draft copy of the Report should be forwarded to the Head of the Property Management Activity for review and comment prior to issuance of the final report.

Comments from the property management activity must be addressed by the review team. If warranted the final report may be revised. When appropriate an attachment discussing the differences between the property management activity comments on the draft and the final report should be added.

C.   Issuance of the Final Report

The final report should be issued within 30 days after the completion of the site visit. At that time, the reviewed activity will have 30 days to submit a corrective action plan, if required.

The final report should be sent as an enclosure to a transmittal letter. That letter should provide an overall score for the property management activity and should include a discussion of any major discrepancies that the review team found including any discrepancies that the reviewers recommends for consideration as "material weaknesses" for management control purposes. It should also reiterate the requirement for the property management activity to prepare a corrective action plan in response to any adverse findings noted in the report.

EXHIBIT 2-1 Sample Property Management Review Memorandum

MEMORANDUM

SUBJECT: **Personal Property Review**
FROM:
TO: **(Head of activity reviewed)**

On_____199__, we plan to commence an on-site review of the property management activity located at _____. The review will be conducted in accordance with the Personal Property Management Review Guide developed by the Office of Grants and Acquisition Management, in cooperation with the DHHS OPDIV's and components.

    The review will include an assessment of the following areas:

        Organization and Management
        Operating Practices

The review team will review the areas listed above, and will analyze significant property management performance indicators. The team will ask a series of questions pertaining to each of the areas and sample some of the information provided. The reviewers will be available for an exit briefing during which they will discuss their findings. This will allow you an opportunity to comment on the review results. We expect to issue a draft report 30 days after the review.

The review team will consist of: _____
                                   _____
                                   _____

The team plans to arrive_____ and remain through_____

They will require access to a computer to draft their report. They will need to ask questions of your property management workforce during normal working hours. We anticipate minimal impact on your staff during the review.

To reduce e amount of time the reviewers will need to spend conducting on-site interviews, we have attached a Request for Data that will be needed prior to the review. In addition, we have attached a Property Management Activity Profile. You should complete the profile only if you have not yet submitted your profile to OM for the most recently completed fiscal year. This information should be mailed to _____, for receipt no later than_____

Please designate someone on your staff as a point of contact to assist us in coordinating the review and in making the necessary arrangements. Please have your designee contact us at as soon as possible.

We appreciate your support in this important undertaking.

(Signature)

Attachments:
Request For Data
Property Management Activity Profile

cc: (Executive to whom activity reports)

EXHIBIT 2-2 Request for Data

Name of Property Management Activity:
Address:
Address: **State**   **Zip**
Name of Executive to whom activity reports:

Name of Point of Contact:
Telephone: (   )   **Facsimile: (   )**   _
Date:

Instructions:

Property Activity: Please provide the following information. When attachments are used to explain the question, reference the attachment number in your response. If references are made to policy or operating procedures, please indicate the citation for the referenced materials.

Note: If the information has been submitted previously, it is not necessary to submit additional copies of the original information. Instead, you may submit any revisions which have been made since the previous submission.

Review Team: The analysis of responses to the Request for Data is to be completed by the review team prior to starting on-site review. For each item of information provided by the property activity, place an "x" in the appropriate column below to indicate whether your analysis shows that the property activity's policies, procedures, and /or practices are "satisfactory" or "unsatisfactory" (including items for which no response was received), or whether the requested information is not applicable. In every case where your analysis indicates an "unsatisfactory" policy, procedure or practice, or where you require additional information, you must summarize your analysis and discuss it with the management of the property activity during the on-site review.

I. BACKGROUND INFORMATION

To Be Completed by the Review Team
S/U/NA: Satisfactory /Unsatisfactory/Not Applicable

A. Administrative Information (103-27)

1. Copies of all internal OPDIV and local property management policies or standing operating procedures, guides or memoranda, including:

 a. A copy of any OPDIV or local directives for the management of personal property.

 b. A copy of any OPDIV or local directives for the reutilization and disposal of excess and surplus personal property.

2. A summary of the job related training completed by the property management personnel. Provide name and length of training courses.

3. An organization chart showing the property management activity's placement in the OPDIV. Include the organizational structure of the property management activity.

4. Functional statements for each subordinate organization within the property management activity to the branch or section level.

5. A list of all positions assigned to the property management activity by wage grade or general schedule and series including administrative personnel who are dedicated to performing property management activities.

(For those organizations that contract for services, provide a statement of work, include the number of contract employees and the cost of the contract.)

6. Copies of the most recent Management review of personal property operations;

§ Audit of the property management activity by the OIG or GAO;

§ Status report on implementation of any recommendations resulting from the most recent audits or reviews.

7. An outline of any significant changes to be made within the property management activity during the next 12 months including:

§ Plans to relocate part or all of the activity, reassignment of key personnel.

§ Innovative procedures planned to make property management operations more effective.

8. The name, title, and telephone number of the: Property activity's Accountable Officer

§ Property activity's Custodial Officers

§ Individual(s) who handles the disposal of excess equipment.

§ Financial Official responsible for reconciliation of personal property records with fiscal account.

9. The number of custodial areas under the jurisdiction of the property management activity.

10. A listing of all contracts and/or grants providing for the use of government property, and the dollar value of such property.

11. The location and square footage of all warehouse buildings and storage space for personal property operated by the property management activity.

II. Property Activity Information

A. Organization And Management

1. Policies And Procedures

 a. Explain how local property management policies are determined.

 b. Indicate the frequency of management meetings to discuss property management policy.

2. Staffing and Training

 a. Have staffing levels adequately satisfied the requirements of the property management activity? If the answer is "no," identify the requirements that are not being satisfied.

3. Organizational Placement, Structure and Responsibilities

4. Performance Review and Improvement Program

 a. Describe the program in place for monitoring, evaluating, and improving the quality of the organization's performance in personal property management, and for ensuring the maintenance of sufficient checks and balances in personal property management activities.

 b. Identify the management improvement objectives established to ensure improvement of overall personal property practices.

c. Have criteria been developed for the performance of self-evaluations of internal operations? If so, provide a copy of the criteria.

d. Explain how the property management activity maintains interactions with other organizations with personal property management responsibilities, including program, procurement, and finance.

5. Management Controls and Reporting

a. Describe the management system used to identify and control personal property including requirements planning, use of excess property, receiving, marking, records maintenance, conducting physical inventories, identifying idle equipment, and other required actions. Describe its reporting capabilities and its effectiveness as a management tool.

b. Describe the method used to reconcile property management records with financial records.

c. Describe the procedures used to protect and to ensure accountability for property at remote locations.

d. Describe procedures for changing storage area locks and combinations at regular intervals.

e. Describe the procedures used to ensure that Government property is protected against theft.

f. Describe the reports provided to the executive responsible for the property management activity to assist in making decisions to improve property management operations.

g. Identify the recipients of the reports, and describe the uses to which the reports are put.

6. Cost of Property Management Operations

a. Explain how and when the management of the property activity analyzes the costs of operations.

b. Describe the procedure used to identify and control cost.

c. Describe any cost reduction programs that have been implemented.

d. Describe the results of the most recent analysis conducted by management of the property activity to measure its cost effectiveness.

7. Effective Use of Labor

a. Describe studies or surveys made and the standards used to evaluate productivity and other performance measures.

b. Describe the procedures used to control overtime work, i.e., to indicate when it should take place, which employees would be involved, who will supervise the work performed during overtime, etc.

B. Operating Practices

1. Receiving

a. Describe the procedures for receiving personal property, including:

1) Notifying the accounting activity that personal property has arrived and that it meets all the specifications on the purchase order.

2) Examining the equipment/property to identify any discrepancies and completing the required standard forms.

3) The actions taken when discrepancies exist.

2. Storage

 a. Describe the procedures for placing property in storage.

 b. Describe the procedures used to safeguard and control access to property held in storage areas.

 c. Describe reviews conducted to ensure justification for retention of stored items.

 d. Describe the operating procedures used to manage and control Equipment Held For Future Projects (EHFFP).

3. Reutilization and Disposal

 a. Describe the system used to screen available excess personal property for purposes of reutilizing existing property in lieu of procurement of new property

 b. Describe the process followed to store and dispose of equipment contaminated by hazardous materials.

 c. Describe the procedure followed to report excess personal property to GSA (FPMR 101-43.304 and 101-43.4801)

 d. Describe procedure followed to reutilize and dispose of excess personal property which is not required to be reported to GSA in accordance with established reporting criteria (FPMR 101-43.304).

 e. How are excess personal property items identified for transfer to other organizations within HHS and then other Federal agencies? (FPMR 101-43.302)

 f. Describe the process by which surplus personal property is transferred to State Agencies for donation to non-Federal public agencies and other specifically designated recipients

 g. Does the property management activity or OPDIV, after notifying GSA, sell its own property if the estimated proceeds from a sale are less than $5,000. If the answer is yes, describe the process of limited sales of personal property used by your organization (FPMR 101-45.105-3).

4. Management of Sensitive Equipment (103-27)

 a. Explain the security measures in place to prevent access by unauthorized personnel to the areas in which sensitive equipment is stored.

 b. Provide a list of personnel who have keys or combinations to locks on controlled access areas that contain sensitive equipment.

 c. Describe your method of verifying the inspection of sensitive equipment (e.g., firearms).

5. Motor Vehicle Management (LMM 103-27)

 a. Provide copies of local and/or OPDIV written directives for the management of motor vehicles.

 b. Describe the process followed by your organization to acquire, utilize, and dispose of motor vehicles.

 c. Describe the procedures established to ensure achievement of reduced motor vehicle fuel consumption objectives.

 d. Describe the utilization objectives established for your motor vehicles which take into account past performance, future requirements, and special operating conditions.

6. Contractor and Grantee-held Property

Property Held by Contractor

 a. Describe the process used by your property management activity to approve the acquisition of Government property held by Contractor and/or Grantees. (LMM 103-60)

 b. Provide the name, title, and telephone number of the contract property administrator designated for each contract with furnished property (FAR 45.501).

 c. Are Government-owned assets held by contractors tagged, labeled or otherwise identified?

 d. Describe the process used by contractors to dispose of Government-furnished property inventories.

 e. Describe the process used by contractors to dispose of Government property in the possession of subcontractors (FAR 45.614).

 f. Has the contractor established any rules for the use of Government motor vehicles between residence and place of employment? If the answer is yes, provide copies of the rules.

 g. How are non-reportable items disposed of upon contract completion?

 h. How are property inventory shortages controlled?

 i. How does the contractor identify equipment which has been exposed to hazardous materials and is no longer required to perform the contract?

 j. Describe the process used to conduct the final review and close-out of contract property issues (FAR 45.615).

 k. Describe the process used to transfer Government property from a completed contract for use on other contracts.

 l. Describe the process used to make adjustments, determine liability, and resolve other property issues prior to contract close-out.

Grants and Cooperative Agreements

 a. Describe the requirements placed on grantees to control and safeguard Government-furnished equipment.

 b. How are violations of the requirement to establish an equipment/property control system identified and handled?

 c. Describe the process used by grantees to acquire personal property for use on grant supported projects.

 d. Describe the process used by grantees to dispose of Government-furnished property.

EXHIBIT 2-3 Property Management Activity Profile

Property Management Activity Profile for FY

Organization

Property Management Officer:

Phone: (   )

Name and Location of Property Management Activity:

Head of the Property Management Activity:

Phone: (   )

I. Property Performance Indicators

REVIEW TEAM Standards Established by the Property Activity

1. Inventory Completion Rate

2. Property Record Accuracy Rate

3. Property Reutilization Rate

4. Excess Property Disposal Rate

5. Reports of Survey Completion Rate

II. PERSONAL PROPERTY REPORTS:

Please provide the following performance reports. NOTE: If the reports which are applicable to your property management activity have been submitted previously, it is not necessary to submit additional copies of the original reports. Instead, you may submit any revisions which have been made since the previous submission.

1. Inventory of Accountable Personal Property.

2. Inventory of Government Property Held by Contractor.

3. Inventory of Government Property Held by Grantees.

4. Utilization and Disposal of Excess Property.

5. Loan of Personal Property.

6. Motor Vehicle Fleet Data.

7. Property Furnished to Non-Federal Agencies.

8. Precious Metals

9. Value of Exchange/Sale.

10. Inventory Status Report.

III. CHARACTERISTICS OF PROPERTY ACTIVITY

1. OPDIV Description

a. Narrative Description of the organization's mission including a description of the way property management is performed; the accountability criteria used; and a discussion of any significant workload not accounted for elsewhere in the performance measures report.

b. Organization's Annual Budget $_____

c. Number of employees (full-time equivalents)

2. Accountable Property Inventory Value $____

a. Value of Inventory at Beginning of Year $____

b. Value of Inventory at End of Year $____

c. Value of Property Received During Year $____

d. Value of Property Disposed of During Year $____

e. Total Adjustments to Inventory $____

(1) Adjustments Due to Overages $____

(2) Adjustments Due to Shortages$____

f. Average Inventory Value During the FY (The sum of the inventory values at the end of each month divided by 12) $____

3. Inventory Data

a. Total Number of Accountable Property Items

b. Number of Custodial Officer Accounts

c. Annual Equipment Expense $_____

4. Losses

a. Due to Damage $____

b. Due to Obsolescence $____

c. Due to Other Reasons $____

d. Total $

5. Physical Inventory

a. Date of Last Physical Inventory ____/____/____

b. Value of Inventory Shown on Property Records on Above Date $____

(1) Value of Adjustments (+/-) Resulting from Physical Inventory $____

c. Date on which Fiscal and Property Records were Reconciled ____/____/____

(1) Value of Adjustment (+/-) Resulting from Reconciliation $ ___

6. Property Activity Staffing

a. Number of FTE's allocated

b. At the beginning of FY

   At the end of FY

c. On Duty During the FY (calculate FTE's on duty totaling the number of months worked for each employee and dividing this total by 12)

(1) Non-Supervisory

(2) Supervisory

(3) Part time Personnel

Please explain if staffing at end of year is not typical of the staffing level for the entire FY.
d. Staffing Turnover During the FY:

(1) Number of Employees Who Were Hired $___

(2) Number of Employees Who Left the Property Activity $____

7. Other Information:

a. Total Number of Custodial Areas Inventoried During the Last Fiscal Year $____

b. Accountable Record Transactions $___

The volume of transactions processed in the accountable system during the reporting period provides an indication of the workload associated with property management tasks. Transactions include all adds, deletes, and changes posted to the inventory. Transactions, not documents, should be included.

c. Number of Accountable Property Records Requiring Change at Time of Physical Inventory $___

d. Total Number of Accountable Items on Record at Time of Inventory $____

e. Acquisition Value of Reutilized Accountable Property $___

f. Total Value of All Property Declared Excess $____

g. Total Number of Excess Property Items Disposed of Within 180 Days in the Last Fiscal Year $_____

h. Total Number of Excess Property Items Disposed of in the Last Fiscal Year $___

i. Number of Items for which Report of Survey Actions were Completed $___

j. Number of Items Subject to Report of Survey $___

k. Acquisition Cost of Items Subject to Report of Survey during the Fiscal Year $___

l. Acquisition Value of Reutilized Accountable Property $___

m. Acquisition Value of Excess Property Reported to GSA $___

EXHIBIT 3-1 On-Site Review Checklist

General Instructions:

The reviewer must discuss with appropriate officials of the property management activity each response to the Request for Data which was recorded as "Unsatisfactory." If the discussions produce additional information which causes the reviewer to conclude that the response is now "Satisfactory," the reviewer must re-score the response as "Satisfactory" on and attach a summary of the additional information provided by the property management activity.

The reviewer should continue the on-site review by addressing the additional questions which follow. The sampling techniques described in section III of this chapter should be used to provide responses to questions addressing records or documentation.

To Be Completed by the Review Team:

A. Organization and Management

1. Policies and Procedures

1.1. Has a focal point been formally established to ensure development, control, and dissemination of property management instructions, policies, and guidance?

1.2 Is a formal procedure used for the development, control, and updating of directives?

1.3 Are internal operations reviewed to identify areas in which policy or guidance is needed, and are those needs transmitted to appropriate officials to ensure that the required policy or guidance is obtained?

1.4 Do OPDIV directives supplement, rather than duplicate, higher level directives?

1.5 Are the OPDIV directives current?

1.6 Are OPDIV and higher level directives disseminated promptly to subordinate organizations?

1.7 Are resources available (updated property management regulations, directives, and applicable guidance such as the FPMR; FAR; FIRMR; HHSLMM; OMB Circulars; Departmental Accounting Regulations; and all OPDIV policies, directives, and operating procedures)?

2. Staffing And Training

2.1 Are personnel resources assigned to the property management functions sufficient to meet the workload requirements?

2.2 Are performance indicators used to evaluate and improve performance? (Cite examples)

2.3 Have career development plans been established for property management professionals?

2.4 Have training needs been met for the property management staff including initial logistics training courses for new members and periodic refresher or advanced training for existing personnel?

2.5 Is management taking full advantage of available training courses?

2.6 Have internal training programs been conducted for property custodians? (review training schedules, course content and rosters.)

2.7 Do users of personal property receive training on their responsibilities for personal property management and utilization?

3. Organizational Placement, Structure and Responsibilities

3.1 Have all personal property management functions been officially assigned throughout the organization and evidenced by documentation such as an organization chart, or functional statement?

3.2 Does the structure of the property management program support the size, type and level of the organization being reviewed?

3.3 Has the OPDIV head appointed a Property Management Officer in writing to be responsible for the organization's personal property management program?

3.4 Are the duties and responsibilities of the personal property management staff specifically spelled out and documented by functional statements of duties?

3.5 Where property management functions have been divided among organizations, i.e., Bureaus, Centers, Institutes, etc., has a system of coordination between these organizations been established?

3.6 Has an accountable officer(s) been designated by the Property Management Officer?

3.7 Is supervision and policy guidance available to perform management functions such as planning, directing and controlling?

3.8 Does the organizational structure provide checks and balances, i.e., segregation of duties, throughout the personal property life cycle?

3.9 Have property custodians been designated in writing by the Property Management Officer?

4. Performance Review and Improvement Program

4.1 Have management improvement objectives and plans been established to improve the quality of property management practices?

4.2 Have the critical property management processes been analyzed (e.g., flow charted, and diagrammed) to look for areas for improvement and to enable new personnel to follow the flow of information/decision cycles?

4.3 Does the property management office perform and document self-evaluations of their own operations?

4.4 Is there a successful working relationship between the property management staff and the program, procurement, and finance organizations? (Conduct personal interviews)

4.5 Are users of the property management system contacted periodically to solicit their opinions and ideas on how to improve the system?

4.6 Is a management information system maintained which is capable of providing information and data on the property management operations of organizational elements?

4.7 Are property management reports and information used by management for analysis and decision making?

4.8 Does the property accountable office review and approve physical inventory adjustments of equipment prior to entry into the financial records?

4.9 Are required personal property management reports submitted in a timely fashion?

4.10 Have corrective actions been taken in response to self-evaluation findings or recommendations?

4.11 Are the findings and recommendations of boards of survey acted upon in 90 days?

B. Operating Practices, Control and Reporting

1. Requirements Planning

1.1 Does the property management activity provide input into the budget preparation or planning cycle with respect to equipment needs?

1.2 Is a want list of items developed based on budget plans?

1.3 Is a determination of need performed prior to the acquisition of an item of equipment?

1.4 Is borrowing of equipment considered for short-term needs?

1.5 Are requirement documents reviewed by responsible supervisory staff prior to submitting orders?

2. Acquisition

2.1 Are equipment procurements including pertinent justifications reviewed by the property activity?

2.2 Is a determination made as to whether requirements for office furniture and equipment can be met through the reutilization of already owned items?

2.3 Do procurement methods assure internal screening for available excess equipment, and equipment held for future projects, in lieu of new procurements?

2.4 Is there coordination between ordering groups (users), purchasing personnel, and those who are knowledgeable as to the availability of excess property?

2.5 Is a suspense file maintained for property which has been ordered?

2.6 Is the screening performed to ensure that the required equipment is not available within the organization?

2.7 Is any record kept of equipment reutilized in lieu of procured to indicate cost avoidance effectiveness?

2.8 Is leased equipment offered to other DHHS components prior to release when accumulated credit toward purchase option would be lost?

2.9 Have local use standards for office furniture, furnishings, and equipment been established?

3. Receiving

3.1 Are receiving documents sent to the shipping and receiving activity in advance of incoming shipments?

3.2 Are all incoming shipments required to clear receiving unless by special arrangements?

3.3 Are receiving areas clearly established?

3.4 Is the receiving area secured from unauthorized entry?

3.5 Are work areas and walkways kept free of scrap and salvage materials?

3.6 Is the receiving operation so arranged as to allow the orderly movement of property through the facility?

3.7 Is material handling equipment stored in a safe manner when not in use?

3.8 Is property physically protected and safeguarded while in the receiving area?

3.9 Has responsibility for receipt of sensitive property been established?

3.10 Are controls established to ensure property has been documented?

3.11 Are receiving reports numerically controlled and recorded in a control register?

3.12 Are receiving reports signed by an authorized employee(s)?

3.13 Are receiving reports promptly distributed to accounting and purchasing functions to permit the timely processing of invoices for payment?

3.14 Does documentation indicate that the receiving official has checked quantity, condition, and type of property received?

3.15 Are accessories listed on the receiving report and physically checked as well as the basic item?

3.16 Is accountable property not received through the normal receiving dock tagged and recorded in the proper control account?

3.17 Are receiving reports annotated to indicate the following:
a. Date received.
b. Names of personnel checking shipment.
c. The date on which the property was released from the receiving area.
d. Physical count.
e. Over, short and damaged shipments (external and internal damage).
f. Serial Number(s)
g. Decal/Barcode Number(s)

3.18 Are physical controls in place to handle:
a. Defective or damaged property;
b. Substituted items of property;
c. Misrouted shipments; and
d. Rejected items of property?

3.19 Is prompt action taken by receiving in:
a. Processing claims for damage;
b. Overages and shortages;
c. Return of defective items;
d. Return of incorrect items; and
e. Adjustment of overcharge of freight bills?

3.20 Is property promptly delivered to users?

4. Control of Accountable Property

4.1 Do policies, instructions, guidance, and operating procedures for the management and control of accountable equipment address the following topics?
a. Official use.
b. Loan.
c. Borrowing.
d. Identification marking.
f. Physical protection of property.

g. Retirement/replacement.
h. Property belonging to others, i.e., contractors, etc.
i. Employee participation and responsibility.

4.2 Is a property custodian system in place?
a. Is the information on custodians and custodial areas current?
b. Are changes in custodians and locations promptly reported to the cognizant property management office?
c. Have custodians been designated in writing and advised of custodial responsibilities?

4.3 Is there in place an employee clearance procedure to ensure that all equipment in the employee's possession is accounted for?

Accountable Property Control System

4.4 Is the property record system automated?

4.5 Does the system integrate all functions, e.g., control, financial accounting, accountability?

4.6 Is the system capable of interchanging data with other HHS components?

4.7 Does the system cover leased and rented equipment?

4.8 Does the system provide for current reporting of status, e.g., in use, idle, storage, loan, excess, etc.?

4.11 Does the information system for accountable items provide the minimum elements of information:
a. Decal/barcode number;
b. Item description;
c. Serial number;
d. Manufacturer;
e. Model number;
f. Custodial code;
g. Acquisition cost;
h. Acquisition date;
i. Purchase order number;
j. Estimated life;
k. Cumulative depreciation;
l. Monthly depreciation;
m.Object classification;
n. Federal stock classification;
o. Receiving organization;
p. User name;
q. Property custodian code;
r. Location information;
s. Transaction date;
t. Transaction code;
u. Appropriation/Common account number (CAN);
v. Condition code;
w.Lease cost (annual);
x. Lease expiration date;
y. Warranty expiration date;
z. Maintenance contract code;
aa. Status:
(1) Pool;
(2) Reserved;
(3) Storage;
(4) Inactive (in place);
(5) Excess;
(6) Surplus (to Government);

(7) Disposal processing;
(8) Active; and
(9) Loaned.

Accountable Property Subsystems

4.12 If any control subsystems are used, i.e., subordinate units or programs, do subsystem records interface with the primary accounting system?

4.13 Do custodians maintain, on a current basis, subsystem information relative to equipment in their custody?

4.14 Do custodians report changes in equipment status promptly?

Accountable Property Records- Updating

4.15 Are custodial officers provided listings showing the current status of their custodial account as it appears in the accountability records?

4.16 Between receipt of updated listings, does the property custodial officer annotate changes and bring discrepancies to the attention of the property accountable officer?

4.17 Are property records updated when equipment is moved from one location to another?

4.18 Are the book values of larger items increased when accessory items are installed?

4.19 Are the book values of larger items reduced when accessory items are removed?

4.20 Are accountable items which are fabricated in-house included in property records?

4.21 Are items that are sensitive identified as sensitive in the accountable equipment property records?

4.22 Are subsidiary property records reconciled with the general ledger on a monthly basis?

Accountable Property Records - Supporting Documentation

4.23 Are property records supported by properly certified documents to record receipts, issues, adjustments and disposals?

4.24 Are accessory items that are part of larger items included in the historical file?

Physical Inventories - Physical Count

4.25 Have procedures been developed for the performance of physical inventories of accountable property?

4.26 Does a review of the last physical inventory reflect compliance with the established inventory schedule?

4.27 Is accountable property physically inventoried annually?

4.28 Are physical inventories observed by independent representatives as necessary?

4.29 Does the inventory procedure provide for immediate marking or tagging of otherwise unidentified property?

4.30 Are changes in custodian and/or location noted?

4.31 Are labor saving systems such as inventory by exception, statistical sampling, and bar coding used where applicable?

4.32 Are cut-off dates established, if applicable, for shipping and receiving?

Physical Inventories Reconciliation

4.33 Does the reconciliation process include the following:
a. Prompt action to locate equipment missing as a result of the physical count;
b. Investigations of abnormal adjustments taking into consideration value, criticality, and sensitivity;
c. Preparation of supporting records for adjustments;
d. Compliance with the requirements of the Report of Survey System described in LMM 103-1., 103-27.;
e. Review and approval of reconciliation actions and supporting records by a responsible official, at least one supervisory level above the official preparing such records;
f. Adjustments made to the financial control accounts as a result of physical inventories?

Recording of Physical Inventories

4.34 Does the system provide for recording, investigating and resolving ownership of unrecorded property found during the physical inventory?

4.35 Are changes in custodian and/or location recorded?

4.36 Are all major accessories or system components recorded in record systems?

4.37 Do the recording procedures include checks and balances (e.g., separation of responsibilities to prevent manipulation by a single individual)?

4.38 Are physical inventory records retention schedules sufficient to preclude loss of information, which might happen between date of destruction of the old records and the taking of a new physical inventory?

Record Adjustments (LMM 103-27)

4.39 Are records established to document adjustments resulting from circumstances other that physical inventories?

4.40 Are adjustments to property records made promptly?

4.41 Is the fiscal office notified promptly of necessary adjustments to financial control (general ledger)?

4.42 Are adjustments to the property and financial records approved by designated management personnel?

4.43 Are reports of survey initiated when property is lost, damaged or destroyed?

Boards of Survey

4.44 Are Boards of Survey convened in a timely manner?

4.45 Does a review of documentation confirm that accountable officers have not been assigned as a members of Boards of Survey?

4.46 Have the Boards of Survey prepared findings which summarize the facts and circumstances for each case of reported loss, damage, or destruction of Government property?

4.47 Have reports of survey been signed by the determining authority?

Sensitive Property

4.48 Is a current list maintained of sensitive items requiring special controls?

4.49 Is guidance provided to receiving personnel to ensure ready identification and physical protection of sensitive property?

4.50 Is sensitive property tagged?

4.51 Are memorandum receipts or custody documents used at time of assignment or changes in custody?

4.52 Is a prompt and thorough investigation of losses conducted?

4.53 Is there in place an employee clearance procedure to ensure that all sensitive property in the employee's possession is accounted for?

Walk-Throughs

4.54 Are walk-through inspections conducted at least annually to identify idle and unneeded personal property?

Pooled Equipment (LMM 25.301-52)

4.55 Are equipment pools established where practicable?

4.56 Are equipment pools physically placed and organized in such a manner as to attain maximum participation?

4.57 Are surveys of equipment holdings conducted periodically to determine those items which are suitable for pooling?

4.58 Are records maintained to evaluate pool utilization and cost effectiveness?

4.59 Are obsolete and worn out items or items no longer required removed from the equipment pool?

4.60 Are pooled items calibrated, in working condition and ready for immediate use?

4.61 Do records include accurate information on user location and current custodian?

4.62 Are available equipment listings maintained and disseminated to potential users?

4.63 Are long-term loans held to a minimum?

4.64 Is the pool provided funding to replace worn out or obsolete equipment and maintain an inventory of state-of-the-art equipment?

4.65 Are customer satisfaction surveys performed?

Loaned Property

4.66 Are loans recorded on the HHS-557, Personal Property Loan Record, or similar form?

4.67 Based on a sample, do the loan agreements contain:
a. Name/organization of the borrower;
b. Period of loan;
c. Authorized signature of management official;
d. Loan extensions;
e. Government contract numbers and/or borrowing organization, where applicable;
f. Description of the property, including identification numbers, if any, and original acquisition cost;
g. Statement that under no circumstances may the holder of loaned property further loan that property to third parties without written prior approval of the property management office; and
h. A cancellation or recall clause?

4.68 Is there a system in place for the tracking of loaned property?
a. Is the system monitored?
b. Is the status of all loans up-to-date?

4.69 Is action taken to have loaned property returned upon expiration of the loan?

4.70 Are requests for foreign loans coordinated with the property management office and the program office prior to approval?

4.71 Where required, are export licenses for foreign loans obtained?

Maintenance And Repair

4.72 Has a maintenance program been established?

4.73 Is routine preventive maintenance scheduled for equipment?

4.74 Is warranty coverage checked prior to requesting repairs?

4.75 Are records of maintenance and repair orders maintained?

4.76 Do equipment maintenance files contain:
a. Maintenance manuals;
b. Operating manuals;
c. Drawings and diagrams as appropriate;
d. Warranty provisions?

Calibration

4.77 Have formal calibration procedures been established to ensure the proper correction factors for special instruments?

4.78 Are decals and/or seals used to identify instrumentation calibration status?

4.79 Does such status marking show the calibration expiration date?

4.80 Are calibration services performed at regular intervals?

4.81 Are calibration intervals subject to adjustment on the basis of performance history?

4.82 Are calibration, maintenance, and repair data and costs recorded and made part of historical information?

Reporting of Loss, Damage, or Destruction

4.83 Is provision made for prompt notification to the property management officer of the loss, damage, or destruction of Government property?

4.84 Is missing property reported to the Security Office and cognizant law enforcement officials?

4.85 Do the reports contain the following information:
a. Full description, including control number where applicable;
b. Acquisition value;
c. Circumstances which may have contributed to the incident;
d. Names of persons involved;
e. Statements of persons involved?

4.86 Is a process in place to ensure that the property office automatically receives a copy of the loss and theft report of Government property from the Security Office or law enforcement agency?

Investigation of Loss, Damage, or Destruction

4.87 Is a follow-up made relative to the status of investigative efforts of security and law enforcement officials?

4.88 Are results of investigations documented and made a part of resulting survey actions?

4.89 Is the investigative effort commensurate with the value of property involved?

4.90 Are investigations commenced promptly on receipt of notice of lost, damaged or destroyed property?

4.91 Are periodic analyses conducted to identify trends in property losses, e.g., lack of administrative control, particular types of items, particular locations, etc.?

Removing Personal Property
4.92 Is a Property Pass, Optional Form 7 similar form, or data system used to control personal property that is temporarily removed from its authorized location?

4.93 Do custodians retain copies of the passes for items removed from their areas?

4.94 Is the signature authority for those authorizing the removal of property limited to supervisory administrative officials?

5. Customer Service

5.1 Have the customers of the property activity been identified?

5.2 Are the services that the property management activity provides to its customers identified?

5.3 Are customers surveyed to get their opinions on the quality and timeliness of property management services?

5.4 Are the customers' complaints analyzed to identify problems with property services?

5.5 Do customer panels or groups provide feedback to the property activity on services on a regular basis?

5.6 Have methods of communication been established to provide customers with easy ways of contacting the property activity? (e.g hotlines, E-mail, LogNet)

5.7 Have service goals been established and communicated to all employees for the property activity?

5.8 Have the managers and employees of the property activity been advised of the service goals?

5.9 Have procedures been established to measure the effectiveness of the property activity in achieving its service goals?

6. Storage Facilities

6.1 Do storage facilities protect property against theft, fire flood, weather, or other types of loss or damage?

6.2 Is the physical security of storage areas sufficient to prevent unauthorized access?

6.3 Are storage areas clean and free of crating and scrap materials?

6.4 Are fire prevention and control devices installed?

6.5 Are periodic safety inspections conducted? (Cite inspection records)

6.6 Is the facility well-lighted?

Storage Practices

6.7 Is an individual assigned to manage the storage operations?

6.8 Are measures taken for control of corrosion for property in storage?

6.9 Is property stored safely and according to prescribed guidelines?

6.10 Are special provisions made for the storage of contaminated property?

6.11 Are items segregated according to classification, such as Equipment Held for Future Projects (EHFFP), spares, excess, etc?

6.12 Do the storage methods provide for easy location and identification of items through use of labels and locator files?

6.13 Are items (except for EHFFP and spares) identified to show:
a. Who stored the item;
b. Period of storage;
c. Purpose of storage; and
d. Description of item stored?

6.14 Is stored property (except for EHFFP and spares) periodically reviewed to determine if there are items that have exceeded storage periods and a follow-up made to justify continued storage?

Storage Records

6.15 Do the records list accessories as well as the primary items stored?

6.16 Is a copy of the record affixed to the stored property for identification purposes?

6.17 Does the record system reflect timely follow-up and review action on stored property?

6.18 Are movements in and out of storage documented?

Materials Handling Equipment and Techniques

6.19 Are materials handling, cables, slings, hoists, and other equipment periodically inspected to assure safe operations?

6.20 Is material handling equipment maintained?

6.21 Have Occupational Safety and Health Administration standards for equipment been reviewed and implemented if applicable?

6.22 Are material handling equipment operators properly trained in operation of equipment?

Equipment Held For Future Projects (EHFFP)

6.23 Do the operating procedures provide coverage for the management and control of EHFFP?

6.24 Are records of EHFFP maintained?

6.25 Is the decision to retain equipment as EHFFP justified in writing?

6.26 Has the retention of EHFFP been rejustified annually to ensure the original justification remains valid?

6.27 Has EHFFP retained for periods longer than three years been approved by the OPDIV head or designee?

7. Reutilization and Disposal Directives

7.1 Have written directives for the reutilization and disposal of unrequired, excess and surplus personal property been issued?

7.2 Are property items identified as idle or unneeded reutilized or declared excess, in accordance with directives?

7.3 Is cannibalization of equipment conducted in accordance with HHS and OPDIV policy?

Acquisition of Excess Property

7.4 Is there a system for screening excess personal property available from other federal agencies?

7.5 Is the GSA or the DHHS system effectively utilized?

7.6 Is a want list maintained and updated during the year?

7.7 Prior to requisitioning excess property, has consideration been given to the following factors:
a. Nature and cost of any repairs;
b. Duration of the job on which equipment will be used;
c. Handling and transportation cost?

7.8 Are acquisitions of excess capital equipment recorded in the general ledger?

Reutilization of Excess Property

7.9 Is excess property reported to GSA in a timely fashion?

7.10 Is the condition of excess equipment determined by personnel familiar with its operation?

7.11 Are the condition codes on the HHS-22 Request for Property Action corrected when they are found to not represent the actual condition of property?

7.12 To the extent practicable and economical, has notification of nonreportable excess property been made available within HHS?

7.13 Is there concurrent screening of excess personal property within HHS and with other Federal agencies?

7.14 Are transfers of excess personal property documented on a SF-122, Transfer Order Excess Personal Property?

7.15 Are handbooks and spare parts for major items of equipment forwarded with the property?

7.16 Are prompt shipments made after receipt of shipping instructions?

7.17 Are identification tags and property numbers removed prior to shipment?

Reutilization of Special Items

7.18 Is contaminated personal property including unrequired, excess, surplus and scrap handled in accordance with the HHS LMM/ governing the disposition of hazardous material? (Subchapter H)

7.19 Is excess automatic data processing equipment handled in accordance with the FIRMR?

7.20 Is sensitive data and commercial software removed from automatic data processing equipment before the equipment is turned in as unrequired?

Donations to Public Bodies

7.21 Are donations of surplus personal property to public bodies included in the annual utilization and disposal report? (Confirm by reviewing reports.)

Donations to Foreign Governments

7.22 Are donations to foreign governments made in accordance with applicable regulations?

Disposal by Sale

7.23 Is all surplus property, including nonreportable property, reported to GSA for disposition action?

7.24 Is there a system to ensure that the FPMR provisions regarding the sale of property are being followed where HHS has elected, or been directed by GSA, to sell personal property?

7.25 Has the reviewing authority for approval of sales as specified in FPMR 101-45.304-6 been designated?

7.26 Is the review of proposed sale awards performed as required?

7.27 Do files pertaining to sales contain copies of all documents necessary to provide a complete record of the transaction?

7.28 Are proceeds from sales handled as required?

7.29 Are proposed sales of surplus personal property with an acquisition cost of $3 million or more, or a patented process or product, regardless of cost, submitted to the Office of the General Counsel? (FPMR 45.310)

7.30 Are sales to DHHS employees documented to preclude sales to prohibited employees as required? (LMM 45.302)

7.31 Are identification tags and property numbers removed prior to disposal(LMM 38.301-52(b))

Disposal of Scrap and Salvage

7.32 Are construction, wrecking, dismantling and other projects which might produce scrap or material for recycling or sale reviewed for potential economic returns to the Government?

7.33 Is scrap material protected from corrosive effects of weather when necessary?

7.34 Are scrap data recorded to provide a basis for control by weight or other unit of measure?

7.35 Is there documentation to record shipment of scrap from the site, including authority, date, weight tickets, etc.?

Disposal by Abandonment or Destruction

7.36 Has the OPDIV head designated an official to make determinations concerning the abandonment or destruction of property?

7.37 Prior to abandonment or destruction, has a written determination been made by the designated official that the property has no commercial value, or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale?

Disposal of Contaminated or Hazardous Property

7.38 Have efforts been made to reduce the level of contamination of excess property prior to utilization or disposal? (LMM Subchapter H)

7.39 Are scrap materials which are contaminated with hazardous substances disposed of in accordance with applicable regulations?

7.40 Has contaminated personal property been disposed of in accordance with DOT, OSHA or EPA regulations?

7.41 Is assurance made that off-site receivers of contaminated or hazardous property have the proper license to safely handle or transport the material?

Utilization and Disposal of Personal Property Pursuant to Exchange/Sale Authority

7.42 Are required records maintained of transactions subject to exchange/sale provisions? (FPMR 101-46)

8. Motor Vehicle Management

Acquisition

8.1 Are passenger motor vehicle acquisitions limited to the minimum number needed to serve program requirements?

8.2 Are acquisitions of passenger motor vehicles through purchase, lease, authorized by law?

8.3 Are all requests for acquisitions of passenger motor vehicles reviewed to ensure acquisitions remain within specified allocations?

8.4 Are passenger motor vehicles acquired from excess to meet temporary emergency needs for longer than three months charged against the organization's motor vehicle allocation?

8.5 Are all requests to acquire passenger motor vehicles larger than classes 1A, 1B, or II (small, subcompact and compact) submitted to the Logistics Policy Branch for certification and forwarding to HHS and GSA? (LMM 38.1305)

8.6 Has OPDIV approval been obtained for communication equipment acquired and installed in motor vehicles?

Replacement Vehicles

8.7 Are all requests for acquisitions for replacement vehicles reviewed to ensure that required replacement standards are met?

8.8 Are decisions made to retain or replace motor vehicles on the basis of HHS policy (LMM 25.352) that:
a. A continued need exists for the vehicles;
b. The vehicles can be operated safely and dependably without excessive repair and maintenance costs;
c. Repair parts are readily obtainable; and
d. Retention will not substantially reduce the exchange/sale value of the vehicles?

8.9 Are exceptions to replacement standards documented and certified by the OPDIV head? (FPMR 38.402(b))

8.10 When replacements occur, are the replaced motor vehicles removed from service and disposed of prior to or as soon as practicable after delivery of the replacement vehicles?

General Management

8.11 Is the use of alternative fuels promoted when economically feasible?

8.12 Have initiatives been established to ensure achievement of reduced motor vehicle fuel consumption objectives, to include:
a. Reduction of travel to maximum extent possible;
b. Use of smallest vehicle feasible for the task;
c. Maintenance of tire pressure to manufacturer's specification;
d. Encouragement of proper driving techniques;
e. Observation of speed limits; and
f. Timely vehicle maintenance?

8.13 Are all cases of the use by HHS employees of Government-owned, leased or rented motor vehicles for home-to-work transportation authorized in accordance with Public Law 99-550? (FPMR 101-6.4) (Review vehicle logs, etc.)

8.14 Are personnel with access to Government-
owned or leased motor vehicles made aware of the statutory prohibitions against misuse of such vehicles?

8.15 Is there effective administrative control of credit cards in accordance with applicable guidelines?

8.16 Have instructions been provided to all motor vehicle operators regarding the use and protection of credit cards against theft and misuse?

8.17 Is the paying office notified of the loss or theft of credit cards in order to avoid the payment of unauthorized bills?

8.18 Are motor vehicles kept in secure areas?

8.19 Are motor vehicle's keys including spare keys kept in a locked location with limited access?

8.20 Are motor vehicle supplies and parts secured and controlled to prevent misuse?

Identification and Tags

8.21 Is a current record of license tags assigned to motor vehicles maintained?

8.22 Are unissued license tags and HHS identification decals stored in a locked drawer, cabinet, or storage area with restricted access?

8.23 Are lost or stolen license tags reported to the issuing office or state agency?

8.24 Are there any assigned motor vehicles not displaying Government tags and HHS identification?
a. If so, have exemption approvals been obtained?
b. Are such exemptions on file? (LMM 38.6)

Maintenance

8.25 Does the motor vehicle maintenance program meet established guidelines?

8.26 Are maintenance logs kept to ensure timely vehicle maintenance?

8.27 Are motor vehicle maintenance costs tracked by individual vehicle?

8.28 Is a decision made regarding accomplishment of major repairs relative to the age, condition and value of the subject motor vehicle?

8.29 Are all required vehicle inspections including safety inspections conducted in a timely manner?

Utilization

8.30 Is vehicle usage being evaluated?

8.31 Are sufficient controls in place to achieve maximum economical utilization of motor vehicles, including the following:
a. Maximum use of motor vehicle pooling arrangements, taxicabs, shuttle buses, or other common service arrangements;
b. Limiting the assignment of motor vehicles to individuals, groups or specific organizational components to the minimum;
c. Conducting periodic reviews to ensure that all motor vehicle assignments are still necessary;
d. The maintenance of individual motor vehicle use records, such as trip tickets or logs, showing sufficiently detailed information to evaluate appropriateness of assignment and adequacy of use being made; and
e. The review of trip tickets and motor vehicle logs by management?

Disposition

8.32 Are U.S. Government Certificates (SF-97) used to obtain title to a motor vehicle)?
a. Signed only by the OPDIV head or someone officially delegated such authority; and
b. Controlled to prevent blank copies from being obtained by unauthorized persons?

Reporting

8.33 Are the annual motor vehicle reports submitted in a timely manner?

8.34 Are GSA-IFMS quarterly reports reviewed for vehicle utilization?

9. Contractor and Grantee-held Property(LMM 103-60) (Contractor's Guide for Control of Government Property)

PART I. Contracts

General

9.1 Is the property management staff involved in pre-award equipment acquisition planning?

9.2 Is excess property used as the first source of supply in fulfilling the contract requirement to provide Government property before initiating contracting action?

9.3 Has a contract property administrator been designated in writing for every contract with Government-furnished property? (FAR 45.501)

9.4 Does the contract property administrator maintain a listing of contracts with personal property?

9.5 Are contract property issues coordinated with the contract property administrator?

9.6 Is title to property transferred to contractors only when statutory or regulatory authority exists for such action?

9.7 Do requests for contracts indicate whether property will or will not be included in the contract?

9.8 Do contracts contain the appropriate Government property clauses? (FAR 45.014, 45.106 and 45.403)

9.9 Are equipment items authorized under a contract, including items transferred, listed in the original contract or in contract modifications?

9.10 Is the fiscal office notified promptly of contractor acquisitions and disposal actions for posting to the general ledger?

9.11 Are Government-owned assets held by the contractor labeled, tagged or otherwise identified?

9.12 Are cost reimbursement contractors authorized to use Government sources of supply, such as excess property or GSA, where it is cost-effective and permitted?

9.13 Does a review of the files indicate that the contractors property management systems have been approved by the awarding or other Government agency?

9.14 Do contractor property control systems contain the following essential elements:
a. Property records;
b. Identification;
c. Segregation; (FAR 45.507)
d. Physical protection;
e. Physical inventories;
f. Care, maintenance and use; (FAR 45.509)
g. Control of sensitive items or specialized property;
h. Flowdown of requirements to subcontractors; (FAR 45.510)
i. System ensures that equipment used only for official purposes;
j. Positive preventive maintenance program; and
k. Procedures for the disposition of Government-furnished property?

9.15 Are property inventory lists submitted by contractors reconciled with official records?

9.16 Is there simultaneous transfer of financial and property management records of Government-furnished property when contracts are transferred to another HHS component?

Motor Vehicles
9.17 Are contractors normally required to furnish the motor vehicles needed for performance of the contract? (FAR 45-304)

9.18 When motor vehicles are provided to a contractor, is contracting officer approval for the vehicles in writing?

9.19 Does a review of files indicate that the contractors have adhered to the motor vehicle requirements described in the "Contractors Guide for Control of Government Property" for the following:
a. Acquisition;
b. Selection of vehicle type;
c. Identification;
d. Utilization;
e. Maintenance;
f. Disposal; and
g. Reporting?

9.20 Are current records maintained of the individual assignments of U.S. Government/HHS tags which identifies the contract to which assigned?

9.21 If Government motor vehicles are used for transportation between residence and place of employment by contractor personnel, has this been provided for in the terms of the contract? (FAR 45.304)

9.22 Does the contract or property file contain the contractor's established rules for the use of Government motor vehicles between residence and place of employment, including sanctions for misuse, similar to those established for Federal employees in FPMR 6.4? (FAR 45.304(b))

Utilization and Disposal

9.23 Are contractor inventories disposed of in accordance with the following prescribed priorities, subject to contractual provisions: (FAR 45.603)
a. Contractor retention at cost; (FAR 45.605-1)
b. Return to suppliers; (FAR 45.605-2)
c. Screening within the Government unless a waive has been authorized; (FAR 45.608)
d. Donation; (45.609)
e. Sale; (FAR 45.610), and
f. Destruction, abandonment or donation to public bodies? (FAR 45.611)

9.24 Do contractors routinely request disposal action for items no longer required for contract performance?

9.25 Do contractors apply required disposal procedures to Government property in the possession of subcontractors? (FAR 45.614)

9.26 Are written determinations supporting abandonment or destruction of Government personal property made by the property administrator and approved by the contracting officer? (FAR 45.613)

9.27 Does property which is no longer usable or required for continued contract performance include a certification that it is free from contamination?

Contractor Reports

9.28 Are contractors' annual reports of Government property reconciled with financial records?

9.29 Are losses of property reported by contractors as soon as the facts become known, reviewed and contractor liability determined? (FAR 45.504)

9.30 Is action taken by the property administrator to resolve any discrepancies in the physical inventory reports?

Contract Close-Outs

9.31 Upon contract completion, do contractors submit property inventory lists?

9.32 Are contractors provided disposal instructions for non-reportable items upon contract completion?

9.33 Are contractor requests for disposition instructions responded to in a timely manner?

9.34 Is contractor relief from responsibility for Government property withheld until:
a. Consumed or expended property has been verified;
b. Lost, damaged or destroyed property is properly accounted for;
c. Property has been removed from the contractor's possession in accordance with directions from the contracting officer or property administrator; or
d. HHS has received consideration for property which is to be retained by the contractor?

9.35 Is an HHS Form 565, Report of Accountable Property or similar form, used to record the final inventory of Government property?

9.36 Is a final review and closeout of contract property issues conducted in accordance with FAR 45.615, and all property-related documents retained by the property administrator furnished to the contracting officer?

9.37 Is contractual authorization or contracting officer approval obtained to transfer Government property from a completed contract for use on other contracts or for retention of idle assets (except contractor's purchase or retention at cost of contractor-acquired property)?

9.38 Are inventory adjustments, liability determinations, and other property issues resolved before contract close-out?

9.39 Is the fiscal office promptly notified of closeout actions which effect the general ledger?

PART II. Grants and Cooperative Agreements

9.40 Do grant or property management records document that grantees have systems that include the following elements: (HHS Grants Administration Manual)
a. Property records that describe the item, manufacturer, model number, serial or identification number, acquisition date, cost and location of each item;
b. Procedures to inventory at least once every two years to verify current utilization, condition, and that the item exists;
c. A program to keep the equipment in good condition, and safeguarded to prevent loss, damage, and/or theft;
d. Pertinent information on the ultimate transfer, replacement, or disposition of the property; and
e. Where property is to be sold, that the Federal Government has a right to all or part of the proceeds? (45 CFR 74.140 and 74.710)

9.41 Are violations of the requirement to establish a property control system identified and reported to the grants management officer?

9.42 Has prior approval been obtained from the grant management officer in advance of any property acquisition exceeding $25,000 by for-profit grantees, other than SBIR (Small Business Innovative Research) grantees?

9.43 For unused supplies and/or property having a unit acquisition cost $5000, has a review been made to ensure that the item(s) is not needed by the Federal Government or an eligible third party?

9.44 If Government-furnished property is damaged beyond repair, lost or stolen, has a determination been made regarding the grantee's liability?

9.45 Has a review been conducted to ensure that property acquired by states, municipalities, and Federally-recognized Indian tribes, with grant funds is not used to compete unfairly with private companies unless permitted by statute?

9.46 Is Government-furnished property no longer needed by a grantee handled as any other unrequired property and reutilization or disposal action taken? (LMM 43.320(d)

Personal Property Management Review Guide

EXHIBIT 3-2 Performance Indicators Worksheet

This worksheet must be completed using the information provided in the Property Management Activity Profile (Exhibit 2-3) submitted in response to the Request for Data, together with any modifications to that information resulting from the on-site review. See Chapter 1, Section 1 for information on the calculation of performance indicators.

Name and Location of Property Activity:

Property Performance Indicators:

1. Inventory Completion Rate

2. Property Record Accuracy Rate

3. Excess Property Reutilization Rate

4. Excess Property Disposal Rate

5. Reports of Survey Completion Rate

For each of these indicators the following must be filled in:

Property Activity Standard

Actual Rate or N/A

Meets Standards or Does Not Meet Standards

Formulas:
1. Total Number of Custodial Areas Inventoried
During the Last Fiscal Year   X 100%

Total Number of Custodial Areas

2. Number of Accurate Property Records at
time of Physical Inventory
(# of records - # of changes)
---   x 100%
Total Number of Property Records

3. Acquisition Value of Reutilized Accountable Equipment
--   x 100%
Acquisition value of All Accountable Property
Declared Excess

4. Total Number of Excess Property Items
Disposed of Within 180 Days in the Last FY
--   x 100%
Total Number of Excess Property Items
Disposed of in the Last FY

5. Number of Items for which Report of
Survey Actions Were Completed
--   x 100%
Number of Items Subject to Report of Survey

EXHIBIT 4-1 Report of Findings on the Property Management Review

Report of Findings on the Property Management Review of the (Name of Property Management Activity):

I. Summary of Findings
The findings resulting from the review are summarized below. A statement must be included indicating whether the findings were determined to be material weaknesses of the system or non-material weaknesses requiring administrative improvement. The summary must also indicate whether the non-material weaknesses have a moderate or low impact on the property management activity.

    A. Management Indicators
    B. Property Management Performance Indicators

II. Background
The Office of Grants and Acquisition Management, Office of the Assistant Secretary for Management and Budget , conducted a review of the (Name of the property management activity) during the week of (Dates).

The review, under the direction of (Title of directing official) was conducted by the following team:
(Names and titles of review team)

The DHHS Personal Property Management Review Guide (Guide) was used as the review protocol. The Guide provides an objective and consistent evaluation of DHHS property management activities. Detailed evaluation instruments are incorporated into the Guide. These include a multi-page, multi-question checklist, property management performance indicator worksheet, and property management activity profile to assist the reviewers in analyzing the property management activity.

The review meets the requirements of an alternative management control review.
The review was based on:

§ An analysis of the responses to the Request for Data and on-site review questions appropriate to the property management activity.

§ Supplemental information furnished by the (Name of the Property Management Activity.)

§ Interviews of officials responsible for the management and control of the inventory.

§ An examination of receiving, inventory, receipt, adjustment and disposal records.

The following functional areas were included in the review:

A. Organization and Management

§ Policies and Procedures

§ Staffing and Training

§ Organizational Placement, Structures, and Responsibilities

§ Performance Review and Improvement Program

B. Operating Practices, Control and Reporting

§ Requirement Planning

§ Acquisition

§ Receiving

§ **Control of Accountable Property**

§ **Storage**

§ **Customer Service**

§ **Reutilization and Disposal**

§ **Motor Vehicle Management**

§ **Contractor and Grantee-held Property**

C. Property Management Performance Indicators

§ **Inventory Completion Rate**

§ **Property Record Accuracy Rate**

§ **Excess Property Reutilization Rate**

§ **Excess Property Disposal Rate**

§ **Report of Survey Completion Rate**

III. Characteristics of the Property Management Activity
This section should describe the scope, extent and nature of the property management activity in terms of customers served, volume of activity, geographic service area, etc. Include any initiatives for improvement that have been undertaken by the property management activity.

IV. Management Indicators

The discussion of individual management indicators in this section can be introduced using the following language:

Management indicators have to do with managing the function and the people in it rather than operating the hands-on property management process. They provide a means for measuring the quality of the organization's activities, the professionalism and productivity of its staff, the effectiveness of its managers, the appropriateness of its organizational placement, and the adequacy of its checks and balances.

The management indicators were evaluated against standards prescribed in the Guide. Based on the resulting score, each indicator was rated as "Meets Standard" or …

This should be followed by a discussion of the review team's findings in each functional area reviewed. Findings should be supported by statutory or regulatory citations where possible, and the impact of noncompliance or non-use of established business practices. The extent of the deficiencies found should be indicated, e.g., whether a problem was found in one, or several, or all of the items reviewed. The report should also show balance in commending the property management activity for practices which go beyond the standard in a positive direction.

V. Property Management Performance Indicators

This part of the report should be introduced by language such as the following:

Property management performance indicators are used for measuring the results of the activity's hands-on property management process, including the inventory completion rate, property record accuracy rate, and excess property reutilization rate. This part of the review serves as another set of standards for assessing actual or potential deficiencies.

The property management performance indicators were evaluated against the standard established by the property management activity. The following findings discuss those indicators rated below standard as well as any other indicators that the review team believes should be brought to management's attention.

VI. Scoring Summary

Each property management activity is given an overall numerical rating based upon any weaknesses found by the review team in the management and operation of the property management activity.

The following section indicates the score assigned to the (Name of the Property Management Activity.)

Findings   **Points**
Category 1 -   **Critical Weaknesses**
                                          (Number of Critical Findings X 50)

Category 2 -   **Administrative Weaknesses**
A) Moderate Impact   **(Number of Findings X 5)**
B) Low Impact   **(Number of Findings X 2)**

Total Points To Be Subtracted
0VERALL SCORE:
(100 - Total Points to be Subtracted)

The score assigned to the property management activity is measured against the following numerical standard scale:

§ Numerical   **Verbal**
§ Rating   **Rating**
§ 59 or Less   **substantially below standard**
§ 60-69   **below standard**
§ 70-79   **meets standard**
§ 80-89   **exceeds standard**
§ 90-100   **substantially exceeds standard**

Therefore, the overall quality of the (Name of the Property Management Activity) is (Verbal Rating.)

EXHIBIT 4-2 Scoring Summary

Scoring Summary

The scoring summary provides an assessment of the overall quality of the property management activity. A score of 100 is the maximum that may be achieved.

The findings described in sections IV and V of the Report of Findings summarize any weaknesses found by the reviewers in the management and operation of the property management activity.

Points are assigned to each finding based on the extent to which the related weakness adversely impacts the ability of the property management activity to maintain effective management control, perform essential functions in an effective and efficient manner, and implement the applicable government-wide, HHS and policies and procedures.

The reviewers will determine the overall score by subtracting from 100 the cumulative number of points assigned to the findings. The categories of findings and the number of points assigned to each category are as follows:

Finding	Points
Critical Weakness	
Category 1	50
Administrative Weakness	
Category 2	
A) Moderate Impact	5
B) Low Impact	2

CATEGORY 1 - Critical Weaknesses:
Critical weaknesses, individually or collectively, are so serious and/or wide-spread that they undermine the integrity of the management control system and will cause the property management activity to be rated as substantially below standard. Examples of these findings include the lack of accountability for and control of the property management inventory; failure to document and monitor property management transactions; failure to maintain an audit trail; failure to conduct inventories; and failure to safeguard personal property.

The reviewer will subtract 50 points for each finding documented under this category. In addition, the weakness must be considered for possible classification as a Material Weakness under the Federal Managers Financial Integrity Act, pursuant to the criteria set forth in Part IV, Alternative Management Control Reviews.

CATEGORY 2 - Administrative Weaknesses:

A) Moderate Impact

This category consists of weaknesses that while representing inefficient or wasteful practices and/or a potential for the loss, damage, or destruction of personal property are not likely to cause a loss of management control over the property management activity. Examples of these findings may include failure to establish and monitor performance standards; ineffective or untimely processes for the screening and disposal of excess property; lack of adequate separation of responsibilities; and failure to provide training.
The reviewer will subtract 5 points for each finding determined to have a moderate impact on the quality of the property management activity.

B) Low Impact

Weaknesses which do not threaten the management control of the property management activity and do not meet the criteria for Moderate Impact as described above are considered to have a low impact on the overall quality of the property management activity. Examples of these findings include failure to designate custodial officers in writing; failure to provide appropriate space (location, layout, size) for the warehouse facility to support efficient operations; and failure to file accurate or timely reports.

The reviewer will subtract 2 points for each finding determined to have a low impact on the quality of the property management activity.

Overall Score

The Scoring Summary for the property management activity is included in the report. The overall rating is determined by the following scale:

Numerical Score	Verbal Rating
59 or Less	substantially below standard
60-69	below standard
70-79	meets standard
80-89	exceeds standard
90-100	substantially exceeds standard